

INVESTMENT ADVISER

CAPITAL GROWTH MANAGEMENT LIMITED
PARTNERSHIP

Boston, Massachusetts 02110

TRANSFER AND DIVIDEND PAYING AGENT AND CUSTODIAN OF ASSETS

STATE STREET BANK AND TRUST COMPANY
Boston, Massachusetts 02111

SHAREHOLDER SERVICING AGENT FOR STATE STREET BANK AND TRUST COMPANY

BOSTON FINANCIAL DATA SERVICES, INC.
P.O. Box 8511
Boston, Massachusetts 02266-8511

This report has been prepared for the shareholders of the Fund and is not authorized for distribution to current or prospective investors in the Fund unless it is accompanied or preceded by a prospectus.

FQR309

Printed in U.S.A.

CGM Focus Fund

48th Quarterly Report
September 30, 2009

A No-Load Fund



Investment Adviser

Capital Growth Management
Limited Partnership

To Our Shareholders:

CGM Focus Fund increased 10.7% during the third quarter of 2009 compared to the unmanaged Standard and Poor's 500 Index which grew 15.6% over the same period. For the first nine months of the year, CGM Focus Fund returned 3.7%, while the unmanaged S&P 500 Index increased 19.3%.

With the failure of Lehman Brothers in September 2008, confidence in the U.S. banking system seemed to evaporate as fears of a possible depression took hold in the popular psyche. One year later, the outlook is dramatically improved with a number of pundits declaring the economic slowdown ended. Fed Chairman Ben Bernanke recently added his voice stating the recession is "very likely over" though with a cautionary note as to how robust a recovery may be or how quickly it may occur.

We also believe evidence points to a recovery which most likely began this past summer. Sales of new single family homes in July jumped 6.5% from the previous month and rose another .7% in August to mark the fifth consecutive month of positive growth. In August, the Consumer Confidence Index jumped to 54.5 from 47.4 in July though it fell back a bit to 53.1 in September. The recovery is by no means a straight up process as we also saw with durable goods orders, which were up 4.8% from June to July but retreated 2.6% in August. Nonetheless, another encouraging sign is the rate at which corporate profits are increasing compared to other historical early recovery cycles. Companies pared expenses dramatically beginning in 2008 and the U.S. Labor Department reports productivity is on the rise. IBM provides a good example: the company announced revenues declined 13% in the second quarter of 2009 as profits rose 12%. In the current economic environment, this is an excellent showing, though without an increase in revenues soon, it is

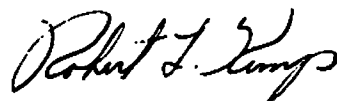
unlikely to continue. Another positive signpost is retail sales which surged 2.7% in August.

Other indicators are more troubling. The Chicago Purchasing Manager's Index stumbled from 50 in August to 46.1 in September. Readings 50 and above indicate degrees of economic expansion while numbers below 50 signal contraction. Additionally, the Federal Deposit Insurance Corporation announced it had reserves of \$10.4 billion on June 30, 2009. This figure is down \$2.6 billion during the second quarter of 2009 alone which puts it at its lowest level since 1993. The FDIC has indicated \$10.4 billion in reserves is inadequate in light of the list of institutions identified by the government as "problem banks" which totaled 416 at the end of June, a fifteen year high. However staggering this number, banking industry performance is considered a lagging indicator of economic activity as is wage growth and recent gains on that front have been sluggish at best to the unease of some who worry that economic growth will stall once government stimulus programs come to an end.

Investors generally appear sanguine on inflation, looking to a high September unemployment rate of 9.8% and low industrial capacity utilization of approximately 70% since March to keep inflation in check for some time. Prices generally do not rise as an inflationary threat until the utilization rate reaches 85% or higher. The bond market echoes this outlook with the 30-year Treasury bond yielding 4.05% and the 10-year bond yielding 3.31% at quarter end. Such modest interest rates are often associated with price-to-earnings ratios of 18 to 20 times or higher leading us to believe the U.S. equity market may have more room to rise in this recovery cycle.

CGM FOCUS FUND

On September 30, 2009, CGM Focus Fund held significant long positions in money center banks, and in the copper and auto industries. The Fund's three largest long holdings were The Goldman Sachs Group, Inc., Ford Motor Company and Baidu, Inc. ADR (computer services). The Fund held one short position in Research in Motion Limited at quarter end.



Robert L. Kemp
President

October 1, 2009

INVESTMENT PERFORMANCE (unaudited)

Total Return for Periods Ended September 30, 2009

	The Fund's Cumulative Total Return	The Fund's Average Annual Total Return
10 Years.....	+498.3%	+19.6%
5 Years.....	+ 45.4	+ 7.8
1 Year.....	- 35.1	-35.1
3 Months....	+ 10.7	—

The performance data contained in the report represent past performance, which is no guarantee of future results. The table above does not reflect the deduction of taxes a shareholder would pay on Fund distributions or the redemption of Fund shares and assumes the reinvestment of all Fund distributions. The investment return and the principal value of an investment in the Fund will fluctuate so that investors' shares, when redeemed, may be worth more or less than their original cost. Current performance may be lower or higher than the performance data quoted.

The adviser limited the Fund's total operating expenses to 1.20% of its average net assets exclusive of any dividend expense incurred on short sales through December 31, 2001. Otherwise, the Fund's cumulative total return and average annual total return for the ten year period would have been lower.

CGM FOCUS FUND

INVESTMENTS as of September 30, 2009 (unaudited)

COMMON STOCKS — 99.2% OF TOTAL NET ASSETS

	Shares	Value(a)
Auto and Related - 8.7%		
Ford Motor Company (b)	43,500,000	\$ 313,635,000
Banks - Money Center - 24.9%		
Bank of America Corporation	2,840,000	48,052,800
Credit Suisse Group AG ADR (c)	1,850,000	102,952,500
JPMorgan Chase & Co.	4,820,000	211,212,400
Morgan Stanley	6,700,000	206,896,000
The Goldman Sachs Group, Inc. (d)	1,765,000	325,377,750
		<u>894,491,450</u>
Business Services - 6.0%		
FEDEX Corporation	2,840,000	213,624,800
Computer Software and Services - 7.4%		
Baidu, Inc. ADR (b)(c)	675,000	263,958,750
Copper - 12.1%		
Freeport-McMoRan Copper & Gold Inc.	3,450,000	236,704,500
Southern Copper Corporation	6,400,000	196,416,000
		<u>433,120,500</u>
Education - 2.0%		
Apollo Group, Inc. (b)	1,000,000	73,670,000
Electronic and Communication Equipment - 5.5%		
Apple Inc. (b)	1,060,000	196,492,200
Electronic Components - 3.6%		
Texas Instruments Incorporated	5,450,000	129,110,500
Financial Services - 4.4%		
MasterCard Incorporated	790,000	159,698,500
Health Care Services - 3.8%		
Express Scripts, Inc. (b)	1,770,000	137,316,600
Heavy Capital Goods - 4.7%		
Cummins Inc.	3,770,000	168,933,700

CGM FOCUS FUND

INVESTMENTS as of September 30, 2009 (continued)

(unaudited)

COMMON STOCKS (continued)

	Shares	Value(a)
Insurance - 6.4%		
American International Group, Inc. (b)	800,000	\$ 35,288,000
Prudential Financial, Inc.	3,900,000	194,649,000
		<u>229,937,000</u>
Miscellaneous - 1.7%		
NIKE, Inc.	930,000	60,171,000
Oil - Independent Production - 2.6%		
Chesapeake Energy Corporation.	3,310,000	94,004,000
Technology - 5.4%		
Google Inc. (b)	390,000	193,381,500
TOTAL COMMON STOCKS (Identified cost \$2,865,462,294)		<u>3,561,545,500</u>
SHORT-TERM INVESTMENT — 1.1% OF TOTAL NET ASSETS	Face Amount	
American Express Credit Corporation, 0.03%, 10/01/09 (Cost \$38,855,000).	\$38,855,000	38,855,000
TOTAL INVESTMENTS — 100.3% (Identified cost \$2,904,317,294) (e)		3,600,400,500
Cash and receivables		323,478,763
Liabilities		(334,712,871)
TOTAL NET ASSETS — 100.0%		<u>\$3,589,166,392</u>

(a) Security valuation — Equity securities are valued on the basis of valuations furnished by a pricing service, authorized by the Board of Trustees. Equity securities listed or regularly traded on a securities exchange or in the over-the-counter ("OTC") market are valued at the last quoted sale price or, for certain markets, the official closing price at the time the valuations are made. A security that is listed or traded on more than one exchange is valued at the quotation on the exchange determined to be the primary market for such security. For securities with no sale reported, the last reported bid price is used for long positions and the last reported ask price for short positions. Short-term investments having a maturity of sixty days or less are stated at amortized cost, which approximates value. Other assets and securities which are not readily marketable will be valued in good faith at fair value using methods determined by the Board of Trustees.

(b) Non-income producing security.

(c) An American Depositary Receipt (ADR) is a certificate issued by a U.S. bank representing the right to receive securities of the foreign issuer described. The values of ADRs are significantly influenced by trading on exchanges not located in the United States or Canada.

(d) A portion of this security has been segregated as collateral in connection with short sale investments. The market value of securities held in a segregated account at September 30, 2009 was \$221,220,000 and the value of cash held in a segregated account was \$129,391,303.

CGM FOCUS FUND

INVESTMENTS as of September 30, 2009 (continued)

(unaudited)

(e) Federal Tax Information: At September 30, 2009, the net unrealized appreciation on investments based on cost of \$2,933,700,602 for Federal income tax purposes was as follows:

Aggregate gross unrealized appreciation for all investments in which there is an excess of value over tax cost.	\$683,021,002
Aggregate gross unrealized depreciation for all investments in which there is an excess of tax cost over value.	(16,321,104)
	<u>\$666,699,898</u>

The cost basis and unrealized appreciation/(depreciation) for the schedule of investments and tax purposes differ due to differing treatments of wash sale losses deferred.

SECURITIES SOLD SHORT (Proceeds \$149,722,380)

	Shares	Value (a)
Research In Motion Limited (b)	2,200,000	\$148,610,000

In September 2006, Financial Accounting Standards Board (FASB) issued Statement of Financial Accounting Standards "Fair Value Measurements" (Accounting Standards Codification "ASC" 820), effective for fiscal years beginning after November 15, 2007. The Fund adopted the provisions of ASC 820 on January 1, 2008. ASC 820 defines fair value, establishes a framework for measuring fair value in accordance with generally accepted accounting principles and expands disclosure about fair value measurements.

In accordance with ASC 820, the Fund may use valuation techniques consistent with the market, income, and cost approach to measure fair value. The market approach uses prices and other relevant information generated by market transactions involving identical or comparable assets or liabilities. The income approach uses valuation techniques to convert future amounts (cash flows, earnings) to a single present amount. The cost approach is based on the amount that currently would be required to replace the service capacity of an asset. To increase consistency and comparability in fair value measurements and related disclosure, the Fund utilizes a fair value hierarchy which prioritizes the various inputs to valuation techniques used to measure fair value into three broad levels:

- Level 1 – Prices determined using: quoted prices in active markets for identical securities.
- Level 2 – Prices determined using: other significant observable inputs (including quoted prices for similar securities, interest rates, prepayment spreads, credit risk, etc.)
- Level 3 – Prices determined using: significant unobservable inputs. In situations where quoted prices or observable inputs are unavailable (for example, when there is little or no market activity for an investment at the end of the period), unobservable inputs may be used. Unobservable inputs reflect Fund's management's assumptions about the factors market participants would use in pricing an investment, and would be based on the best information available in the circumstances.

CGM FOCUS FUND

INVESTMENTS as of September 30, 2009 (continued)

(unaudited)

The inputs or methodology used for valuing securities are not necessarily an indication of the risk associated with investing in those securities. The following is a summary of the inputs used to value CGM Focus Fund's investments and securities sold short as of September 30, 2009:

	Valuation Inputs			Total
	Level 1 - Quoted Prices	Level 2 - Other Significant Observable Inputs	Level 3 - Significant Unobservable Inputs	
INVESTMENTS IN SECURITIES	\$3,561,545,500	\$38,855,000	\$ —	\$3,600,400,500
INVESTMENTS IN EQUITIES	\$3,561,545,500	\$ —	\$ —	\$3,561,545,500
Refer to the Schedule of Investments				
INVESTMENTS IN DEBT	\$ —	\$38,855,000	\$ —	\$ 38,855,000
Commercial Paper	—	38,855,000	—	38,855,000
LIABILITIES - SECURITIES SOLD SHORT	\$ (148,610,000)	\$ —	\$ —	\$ (148,610,000)
TOTAL	\$3,412,935,500	\$38,855,000	\$ —	\$3,451,790,500

When current market prices or quotations are not readily available or do not accurately reflect fair value, valuations may be determined in accordance with procedures adopted by the Board of Trustees. For example, when developments occur between the close of a market and the close of the NYSE that may materially affect the value of some or all the securities, or when trading in a security is halted, these procedures may be used. The frequency with which these procedures are used is unpredictable. These valuation procedures may result in a change to a particular security's assigned level within the fair value hierarchy described above. The value of securities used for Net Asset Value ("NAV") calculation under these procedures may differ from published prices for the same securities.

CGM FOCUS FUND

TELEPHONE NUMBERS

For information about:

■ Account Procedures and Status

■ Redemptions

■ Exchanges

Call 800-343-5678

■ New Account Procedures

■ Prospectuses

■ Performance

■ Proxy Voting Policies and Voting Records

■ Complete Schedule of Portfolio Holdings for the 1st and 3rd Quarters (as filed on Form N-Q)

Call 800-345-4048

Proxy voting policies also appear in the Fund's Statement of Additional Information, which can be found on the SEC's website, <http://www.sec.gov>. The voting records can also be found on the SEC's website on the Fund's Form N-PX filing.

The Fund files its complete schedule of portfolio holdings with the SEC for the first and third quarters of each fiscal year on Form N-Q. The Fund's Forms N-Q are available on the SEC's website at <http://www.sec.gov> and may be reviewed and copied at the SEC's Public Reference Room in Washington, D.C. Information on the operation of the Public Reference Room may be obtained by calling 1-800-SEC-0330.

MAILING ADDRESS

CGM Shareholder Services
c/o Boston Financial Data Services
P.O. Box 8511
Boston, MA 02266-8511

WEBSITE

<http://www.cgmfund.com>